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SUBJECT Pentagon Linked to Contra Aid

DAN RATHER: Did the Department of Defense help circumvent Congress and the law as part of the weapons-for-contras' deal? The Pentagon is the target tonight of new questions about the scandal. Up to now, investigations of secret aid to the Nicaraguan rebels have focused on the White House and the CIA. But CBS News has now confirmed that the U. S. Army was also deeply involved, setting up a secret pipeline even before Congress banned military aid to the contras in 1984.

Reporter-producer Howard Rosenberg developed this story along with Pentagon correspondent David Martin.

DAVID MARTIN: In 1983, a secret Army unit operating out of this office building in the suburbs of Washington opened an account at the Credit Suisse Bank in Geneva, Switzerland. Two years later, two and a half million dollars was withdrawn from the Army's secret account in just one day. Seventy-five thousand of that was used to charter this trans-steamer which carried arms to the contras at a time when U. S. military aid was barred by law.

Bank records show two of the people authorized to withdraw money from that Army account were Oliver North and Richard Secord, key figures in the sale of arms to Iran and the alleged diversion of money to the contras. Until now, the Pentagon has insisted its only role in the affair was to provide the weapons which were sold to Iran.

The existence of this account opens up an entirely new and previously unsuspected connection between the Pentagon and the secret operations of Oliver North. Records which might

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-2-

explain who in the Army authorized the account and why either never existed or have since disappeared. However, two sources say it appears the account was set up in anticipation of a congressional cut-off of aid to the contras.

In addition to North and Secord, at least two other names, both Army intelligence operatives, appear on the account: William Golden, an Army intelligence officer who worked for Business Security International, a front company used by the Army to support secret operations; Joel Patterson, a civilian who also worked for Business Security International. Patterson is known in intelligence circles as an expert in the secret movement of funds. He denies any knowledge of the Swiss bank account.

JOEL PATTERSON: Most ridiculous thing I've ever heard, and, really, I have not more to say other than that.

MARTIN: The Army initially said it had no evidence such a bank account existed. But after CBS News provided the account number, the Army began an inquiry, which has now been taken over by the Special Prosecutor investigating the Iran-contra affair.

David Martin, CBS News, the Pentagon.